

Message Text

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ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 RSC-01 SIL-01 DODE-00 PA-02 USIA-15

PRS-01 SP-02 AID-05 SS-15 NSC-05 /088 W

----- 121140

R 220910Z JAN 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7456

INFO AMEMBASSY MANILA

AMEMBASSY SEOUL

USMISSION EC BRUSSELS

USMISSION OECD PARIS

COMUS JAPAN YOKOTA

UNCLAS TOKYO 0877

PLEASE PASS TO LABOR DEPT

E.O. 11652: N/A

SUBJECT: UNEMPLOYMENT IN JAPAN

REF: TOKYO 14271

SUMMARY. TOKYO PRESS REPORTS A GOJ SPECIAL SAMPLE SURVEY IN EARLY JANUARY SHOWED OVER ONE MILLION UNEMPLOYED -- ABOUT TWO PERCENT OF LABOR FORCE. UPI STORY ADDED THAT SUCH A RATE MUCH MORE SERIOUS IN JAPAN THAN IN US. EMBASSY IN AGREEMENT WITH THAT STATEMENT BUT FEELS IT A MORE COMPLICATED PROBLEM THAN MERELY DIFFERENT STATISTICAL METHODS OF MEASURING UNEMPLOYMENT AS UPI STATED. END SUMMARY.

1. LOCAL PRESS STORIES OVER WEEKEND REPORT A GOJ ECONOMIC PLANNING AGENCY (EPA) SPECIAL QTE PRELIMINARY SURVEY UNQTE SHOWS THAT UNEMPLOYMENT ROSE TO OVER ONE MILLION IN JANUARY, UP 300,000 FROM LATEST REGULAR GOJ LABOR FORCE SURVEY FIGURES -- FOR NOVEMBER. MINISTRY OF LABOR (MOL) PREDICTIONS (SEE REFTEL) WERE THAT UNEMPLOYMENT WOULD REACH UNCLASSIFIED

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THAT ONE MILLION IN JANUARY-MARCH PERIOD AS NATION'S

RECESSION REACHED BOTTOM. EPA FINDINGS SHOW SHARPER UNEMPLOYMENT RISE AND, COULD WITH OTHER ECONOMIC INDICATORS, IMPLY THAT UNEMPLOYMENT MAY RISE EVEN HIGHER AS RECESSION DRAGS ON.

2. UPI PICKED UP AND EXPANDED ON STORY. ITS VERSION, APPEARING IN PACIFIC STARS AND STRIPES JANJARY 20, INCLUDES STATEMENT: QTE TWO PERCENT UNEMPLOYMENT IN JAPAN IS CONSIDERABLY MORE SERIOUS THAN IN THE US BECAUSE JAPANESE STATISTICS FOR MEASURING UNEMPLOYMENT DIFFER GREEATLY FROM THE AMERICAN SYSTEM UNQTE. EMBASSY ANDDOL CONCUR IN STATEMENT THAT A TWO PERCENT UNEMPLOYMENT RATE IS SERIOUS IN JAPAN AND OL'S TOP INTERNATIONAL MANPOWER EXPERT, DEP VICE MIN AKIRA NAKAHARA, TOLD EMBASSY THAT EPA SURVEY FINDINGS ARE NO DOUBT CORRECT.

3. AS TO STATISTICAL MEASURES OF UNEMPLOYMENT, NAKAHARA STATED THAT EPA SURVEY USED SMALL SAMPLE AND COVERED JUST ONE DAY. HE ALSO CONFIRMED THAT JAPANESE REGULAR LABOR FORCE SURVEY SAMPLE MAY BE PROPORTIONALLY SOMEWHAT SMALLER THAN IN US AND THAT SURVEY IS CONDUCTED ONLY IN LAST WEEK OF MONTH. SAMPLING TECHNIQUES IN US AND JAPAN ARE SIMILAR. JAPANESE DEFINITION OF UNEMPLOYMENT IS NOT RPT NOT DIFFERENT FROM THAT USED IN US. (DURING THE OCCUPATION, US DIRECTED ESTABLISHMENT OF THEIR LABOR FOCE SURVEY SYSTEM IN THE US PATTERN AND THE SAME SYSTEM STILL IN USE.)

4. EMBASSY MAKES THE POINT AND NAKAHARA CONFIRMS, THAT DIFFERENCE BETWEEN SERIOUS LEVELS OF UNEMPLOYMENT IN THE TWO COUNTRIES ARISES LARGELY OUT OF DIFFERENT EMPLOYMENT PRACTICES AND SOCIAL CUSTOMS. EMBASSY FEELS THAT BASIC DIFFERENCE IS BECAUSE: (A) PERMANENT PERONNEL RDUCTIONS JAPANESE FIRMS ARE INITIALLY HANDLED BY PROVIDING INDUCEMENTS FOR EARLY RETIREMENT. AT LEAST SOME OF THOSE SO RETIRED DO NOT REENTER THE LABOR MARKET. (B) MOST LAYOFFS UP TO NOW HAVE BEEN OF SHORT DURATION, USUALLY THREE TO TEN DAYS, DURING WHICH TIME WORKERS DRAW 60 TO90 PERCENT OF NORMAL PAY AS NON-WORK ALLOWANCE PAID BY EMPLOYER. THEY ARE NOT SEEKING A NEW JOB AND THEREFORE ARE NOT COUNTED AS UNEMPLOYED. (C) WOMEN PERMANENTLY REDUCED IN FORCE USUALLY RETURN TO THEIR UNCLASSIFIED

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FAMILIES IN THE COUNTRYSIDE AND, UNLSS THEY CAN FIND A JOB IN THEIR OWNCOMMUNITY, OFTEN EITHER DROP OUT OF THE LABOR FORCE ENTIRELY OR ARE EMPLOED SPORADICALLY ON FARMS OR IN FAMILY ENTERPRISES. MUCH OF THIS IS UNDER-EMPLOYMENT, BUT IT STILL DOES NOT COUNT AS UNEMPLOYMENT. (D) FARM WORKERS, IN HABIT OF AUGMENTING THEIR INCOME BY SEASONAL URBAN EMPLOYMENT. ALSO RETURN TO THE FARM WHEN SUCH WORK CAN'T BE FOUND. (E) LIFETIME EMPLOYMENT PRACTICE SO DEEPLY ENTRENCHED

AS SOCIAL PRACTICES, THAT EMPLOYERS TEND TO CARRY PERMANENT
WORKERS ON THE PAYROLL FOR LONG PERIODS EVEN THOUGH THERE IS
INSUFFICIENT WORK FOR THEM TO DO.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: UNEMPLOYMENT, DATA, PRESS COMMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TOKYO00877
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750023-1210
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750128/aaaaayxs.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 TOKYO 14271
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 08 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 APR 2003 by RuthemTJ>; APPROVED <18 FEB 2004 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNEMPLOYMENT IN JAPAN
TAGS: ELAB, JA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006